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Savings Bank Leaders Register Mutual Fund To Sell to Depositors

Filing Culminates Lengthy Effort To Enter Field; Offering Date, Price of Shares Not Disclosed

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NEW YORK—A new mutual fund, organized by leaders of the savings bank industry, registered its shares with the Securities and Exchange Commission.

Shares in the fund—known as the Fund for Mutual Depositors Inc.—will be offered to depositors in participating mutual savings banks in eight states. A total of one million shares were covered in the registration statement.

The registration culminated a long-delayed drive of the mutual savings bank industry to enter the mutual-fund field. The industry has been exploring the feasibility of a mutual fund for savings bank customers since the 1950s, but encountered several setbacks. The actual groundwork for the new fund began in late 1966.

Officials of the fund wouldn't indicate when the shares would be offered to depositors, but normally it takes about four weeks between a registration and the actual selling of shares. Although the initial price of the shares wasn't disclosed, the registration statement carried a $10 maximum rate.

The names of the participating savings banks weren't announced. The prospectus indicated, however, that there were participating banks in Connecticut, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Pennsylvania and Rhode Island. Savings banks are located in 18 states and in Puerto Rico.

Only two of the nation's savings banks currently offer a mutual-fund service to depositors. These are the New York Bank for Savings, which began its plan last year, and the City Savings Bank of Pittsfield, Mass., which started its plan just this year. In both cases, however, the shares offered were of already existing mutual funds.

Basically, a mutual fund pools the capital of many investors, permitting them to participate in the stock market through a managed, diversified and, heretofore, supposedly lower-risk portfolio. The holder can redeem his shares at any time at a price based on the net asset value of the fund shares.

According to the preliminary prospectus of the new fund, its objective will be to buy shares in companies with "growth potential consistent with quality investment."

The new savings-bank fund will be of the "no load" type. That is, investors will not have to pay any commissions on purchases or redemptions of the shares.

Unlike most mutual funds, the Depositors fund won't pay any management fee. It will be operated by an independent board of directors drawn from the savings bank industry. Investment adviser for the fund will be Smith, Barney & Co., a New York-based member of both the New York and American stock exchanges.

Smith-Barney, according to the prospectus, will receive an advisory fee of from .1% to .3% of the fund's net assets. In addition, 50% of the brokerage fees paid to Smith-Barney each year will be deducted from the advisory fee.

For the depositor, the initial purchase of fund shares will have to be for a minimum amount of $200. Subsequent purchases by the depositor will carry a $50 minimum.